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Message Text

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62
ACTION ARA-20

INFO OCT-01 EUR-25 EA-11 ISO-00 EB-11 COME-00 INT-08

CIAE-00 INR-11 NSAE-00 RSC-01 L-03 FTC-01 TRSE-00

OMB-01 GSA-02 AID-20 PA-04 USIA-15 PRS-01 DRC-01 /136 W
---------- 104147
R 101730Z SEP 74
FM AMCONSUL PARAMARIBO
TO SECSTATE WASHDC 1783
INFO AMEMBASSY KINGSTON
AMEMBASSY PORT OF SPAIN
AMEMBASSY SANTO DOMINGO
AMEMBASSY GEORGETOWN
AMEMBASSY CANBERRA
AMEMBASSY THE HAGUE

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EO 11652: NA
TAGS: EMIN EIND EFIN NS
SUBJECT: PROSPECTS FOR REYNOLDS-GOS COOPERATION

REF: PARAMARIBO 378

1. PROSPECTS FOR RESOLUTION PROTRACTED GOS-REYNOLDS METALS CONTROVERSY OVER LATTERS BAUXITE OPERATIONS HERE HAVE BRIGHTENED CONSIDERABLY WITH THE EXPECTED ARRIVAL LATE THIS WEEK OF PRESIDENT REYNOLDS MINING CORP (R.C. ROBERTS) TO BEGIN LONG-DELAYED TALKS WITH GOS.

2. LOCAL MANAGER OF REYNOLDS SURINAME MINES, RICHARD WILLIAMS, EXPRESSED GUARDED OPTIMISM THAT COMPANY AND GOS IN PERSON OF MINISTER DEVELOPMENT CAMBRIDGE CAN REACH UNDERSTANDING ON BAUXITE EXPLOITATION WHICH WILL WAIVE AGREED STIPULATION THAT REYNOLDS BUILD ALUMINA PLANT TO PROCESS ORE IF 50 MILLION TONS RESERVES FOUND. (GOS CONTENDS NECESSARY RESERVES PRESENT, REYNOLDS INSISTS THEY ARE NOT, HENCE THE DEADLOCK.)
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3. WILLIAMS BELIEVES THAT OWING POLITICAL AND ECONOMIC PRESSURES ON ADMINISTRATION, GOS MAY ACCEPT AMENDED JOINT VENTURE AGREEMENT UNDER WHICH REYNOLDS ALLOWED MINE AND EXPORT BAUXITE FOR PROCESSING ELSEWHERE. HE DENIED ANY KNOWLEDGE OF POSSIBLE GOS COUNTER-PRGPOSALS BUT ALLUDED TO POSSIBILITY OF PROCESSING ORE LOCALLY THROUGH EXISING FACILITIES, I.E. ALCOA.

4. SHOULD TALKS FALL THROUGH, REYNOLDS MANAGER SAYS, COMPANY PREPARED TO CONTINUE EXPLORATION FOR BALANCE PERIOD OF AGREEMENT (ABOUT A YEAR) ALTHOUGH "WE HAVE FOUND OUT ALL WE NEED TO KNOW AND COULD HAVE STOPPED SIX MONTHS AGO." COMPANY BELIEVES THAT TO STOP ABRUPTLY WOULD ANGER GOS, RAISE FURTHER QUESTIONS OF GOOD FAITH, AND PREJUDICE POSSIBLE FUTURE OPERATIONS.

5. COMMENT: REYNOLDS-GOS QUARREL OVER BUXITE RESERVES AND JOINT OBLIGATIONS HAS NOT ENHANCED U.S. BUSINESS IMAGE HERE. LOW POINT IN RELATIONS REACHED WEEK OR SO AGO WITH SQUABBLE OVER REYNOLDS RELEASE OF TEN SUPERFLUOUS LABORERS AT CONCESSION SITE WHICH WOULD PROBABLY HAVE GONE UNNOTICED IF GOS-CGMPANY RELATIONS HAD BEEN BETTER. BUT INCIDENT MAY HAVE HELPED TRIGGER MUTUAL RESOLVE TO ATTEMPT MOVE THINGS FORWARD NEXT WEEK. CONTRIBUTING FACTOR IS SHAKY STATE OF SURINAM'S FINANCES AND NEW ADMINISTRATIONS NEED TO SHOW PROGRESS ON ECONOMIC FRONT IN FACE OF INCREASING CRITICISM ON THIS SCORE.

6. MUTUALLY SATISFACTORY AGREEMENT ON NEW TERMS OF EXPLOITATION WOULD DO MUCH TO CLEAR SURINAM'S MURKY INVESTMENT CLIMATE. CEILING HAS BEEN VIRTUALLY ZERO FOR SOMETIME.
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Draft Date: 10 SEP 1974
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